

# **“OMB PERSPECTIVES”**

## **2003 Business Manager's Conference**

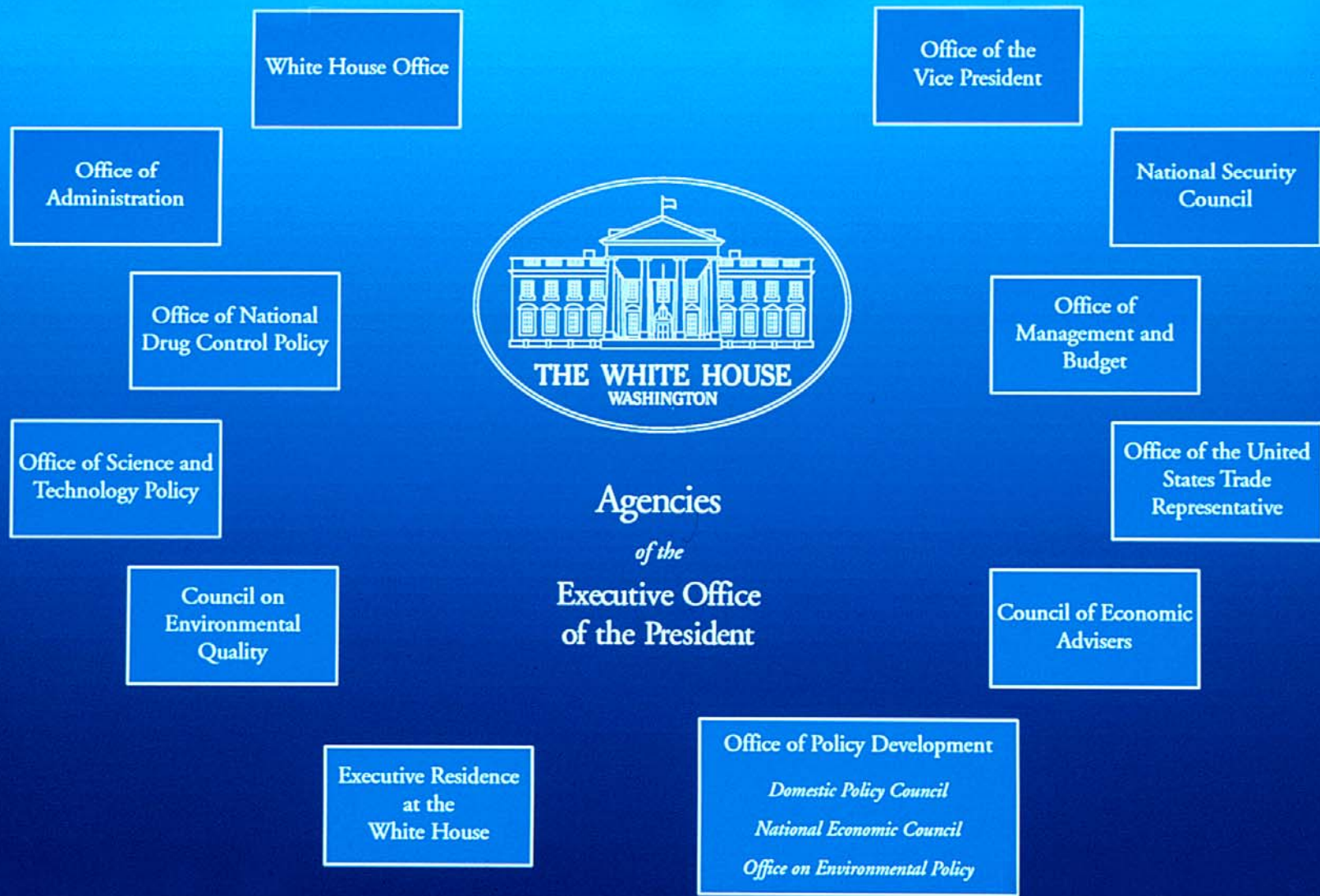


**Presenter: Kathleen Peroff  
Deputy Associate Director  
National Security Division, OMB**

# Agenda

## OMB

- How OMB is Organized
  - What it Does
  - With Whom
  - How
- } Focus on National Security



# **KEY FACTS ABOUT OMB**

- **Small – Just over 500 People**
- **Offices that have day-to-day interaction with agencies: Resource Management Offices (RMO)**
- **Each RMO has responsibility for a swath of Federal programs and several agencies**
- **There are four RMOs – Each headed by a political appointee**

# EXECUTIVE OFFICE OF THE PRESIDENT

## Office of Management and Budget



### DIRECTOR

Deputy  
Director

Deputy Director  
for Management

Executive Associate Director

### OMB-WIDE SUPPORT OFFICES

**General Counsel**

**Legislative Affairs**

**Communications**

**Administration**

**Economic Policy**

**Legislative Reference**

Economics, Science, Gen. Govt. Branch

Labor, Welfare, Personnel Branch

Resources, Defense, International Branch

**Budget Review**

**Budget Analysis & Systems**

Budget Analysis Branch

Budget Systems Branch

**Budget Review & Concepts**

Budget Review Branch

Budget Concepts Branch

### STATUTORY OFFICES

**Office of Federal Financial Management**

Financial Standards Reporting & Management

Integrity Branch

Federal Financial Systems Branch

**Office of Federal Procurement Policy**

Cost Accounting Standards Board

Acquisition Implementation Branch

Procurement Law, Legislation & Innovation Branch

**Office of Information & Regulatory Affairs**

Health, Transportation & General Government

Information Policy & Technology Branch

Natural Resources, Energy & Agriculture Branch

Statistical & Science Policy Branch

**Office of E-Government & Information Technology**

### RESOURCE MANAGEMENT OFFICES

#### NATURAL RESOURCE PROGRAMS

**Energy, Science & Water Division**

Energy Branch

Science and Space Branch

Water and Power Branch

**Natural Resources Division**

Agriculture Branch

Environment Branch

Interior Branch

#### HUMAN RESOURCE PROGRAMS

**Health Division**

Health Financing Branch

Public Health Branch

Health & Human Services Branch

**Education and Human Resources  
Division**

Education Branch

Income Maintenance Branch

Labor Branch

Personnel Policy Branch

#### GENERAL GOVERNMENT PROGRAMS

**Transportation, Homeland, Justice &  
Services Division**

Transportation/GSA Branch

Homeland Security Branch

Justice Branch

**Housing, Treasury, & Commerce Division**

Housing Branch

Treasury Branch

Commerce Branch

#### NATIONAL SECURITY PROGRAMS

**International Affairs Division**

State/USIA Branch

Economics Affairs Branch

**National Security Division**

Command, Control, Communications,  
Computers & Intelligence Branch

Operations & Support Branch

Force Structure & Investment Branch

Veterans Affairs Branch

# **What Does OMB Do?**

- **Prepares options, analyses, and recommendations on budget Policy and legislation for presentation to the President**
- **Prepares President's Budget**
- **Formulates and negotiates Administration position on legislation and Congressional action**
- **Administration's "clearinghouse" for Executive Branch Agencies' legislative proposals**
- **Adjudicates budget disputes among Agencies**
- **Review & Coordination of Regulations, Acquisition Policies and Executive Orders**
- **Defines the Management and Performance Agenda**

# **EXECUTIVE OFFICE OF THE PRESIDENT**

## **Office of Management and Budget**

### **RESOURCE MANAGEMENT OFFICES**

#### **NATIONAL SECURITY PROGRAMS**

##### **International Affairs Division**

- State/USIA Branch
- Economics Affairs Branch

##### **National Security Division**

- Command, Control, Communications, Computers & Intelligence Branch
- Operations and Support Branch
- Force Structure & Investment Branch
- Veterans Affairs & Defense Health Branch

# **Who Does NSD Work With in DoD?**

- **Everybody and Anybody**
- **Secretary of Defense, Deputy Secretary of Defense, Chairman and Vice Chairman of the Joint Chiefs of Staff, Service Secretaries**
- **OSD Under Secretaries, especially Comptroller and Personnel & Readiness**
- **Joint Staff (especially J-3 and J-8), Service Comptrollers**
- **Intelligence Community**
- **General Counsels**
- **Service Secretariat Staff**
- **Program Managers**



# **Who Does OMB Work With on the Hill?**

## **Relationships**

- **Director deals with Congressional Leadership**
- **PADs deal with Members and Staff Leadership in their Areas**
- **Career Staff deal with their counterpart-staff, occasionally Members**
- **Legislative Affairs – Eyes and Ears of OMB**
- **Budget Review & Concepts Division – Deals with CBO on Scoring Issues**

## **Who Else Does OMB Listen to?**

- **Almost any Outside Group with Standing and Information on an Issue**

# What Has NSD Worked On Recently?

## **Operations**

- Afghanistan/Iraq Supplementals
- Environmental Encroachment
- Readiness and OPTEMPO
- Vieques
- Omnibus Reprogramming

## **Investment**

- National Missile Defense
- Ship and Aircraft Leases
- Housing Privatization Policy
- Funding of CVN x/21

## **Personnel**

- Basic Allowance for Housing
- Pay Raise, Pay Table Reform
- Concurrent Receipt
- Transformation Package

## **Management and Policy**

- The President's Management Agenda
  - Human Capital
  - Financial Management
  - Competitive Sourcing
  - E-Government
  - Budget and Performance Integration
- PARTs
- VA – DoD Sharing
- TTIC: FBI and IC

# **NSD's Role in FY 2004 Budget Formulation**

## **September – October**

- **Examiners review budget submissions & meet with OUSD(C) and Service Representatives**
- **Review focuses on pricing issues, program consistency, and appropriateness in larger context**
- **Results in PBDs**

## **November**

- **Director's Review**
  - **Presentation of Agency context**
  - **For Big and Irreconcilable Issues**
  - **Examiner provides Director with Analysis**
- **Director makes Topline and Programmatic Decisions**
  - **Offers President's "voice"**
  - **Part art, part balancing act, part public policy**
    - **Tax cuts**
      - **Social Security and Medicare reform**
      - **Debt reduction**

# **NSD's Role in FY 2004 Budget Formulation**

## **➤ December - January**

- Secretary of Defense can Appeal to the President
- Continued Negotiation with DoD on Topline, PBDs
- Examiners Incorporate Decisions from Director's Review into Budget
- Budget Chapters are Written (DoD and War on Terrorism)
- Review of Appropriations Language Proposed by DoD
- Entry of Data into Mainframe – MAX
- State of the Union

## **➤ February**

- President's Budget sent to Congress
- Testimony Begins

## **➤ March - August**

- Execution, Supplementals, Independent Studies, Legislative Process,  
Review of Testimony, PARTs, and Budget Rule Changes

# **OMB's Role in Iraq Supplemental**

**OMB took requests from Defense, State, Homeland Security, and other Agencies and put them into a framework for the President:**

## **➤ Topline and Structure**

- **Helped develop assumptions about funding**
  - **Limit Defense portion of supplemental to Iraq requirements**
  - **Fund replacement of munitions used & immediately required equipment repair**
- **Topline – assisted in pricing requirements and set \$74.7 billion as overall supplemental total**
- **Structure – requested flexible accounts for Defense and reconstruction activities with some fencing to ensure effective execution**

## **➤ Congressional process**

- **Formulation of President's message**
- **Negotiating with Congress and tracking Congressional action**

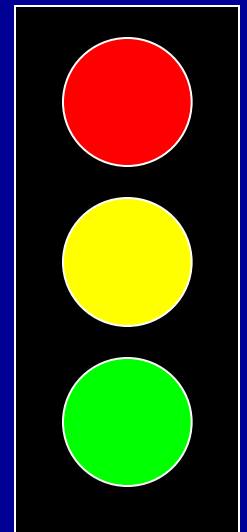
## **➤ Implementation**

- **Deconfliction – Work to ensure Agencies do not duplicate efforts**
- **Execution – Apportion funds and ensure supplemental funds will support activities through the end of FY 2003**















# OMB's Role in Implementing the President's Management Agenda

**NSD staff works closely with the stakeholders and the agencies in determining quarterly scores for:**

- **Strategic Management of Human Capital**
- **Competitive Sourcing**
- **Improved Financial Performance**
- **Expanded E-Government**
- **Budget and Performance Integration**
- **Privatization of Military Housing**
- **Coordination of Veterans Affairs and DoD Programs**



**S P**

# The "PART"

## Program Assessment Rating Tool

- **A Standard Diagnostic Tool used to Evaluate Programs Across the Government**
- **20% a Year for 5 years**

### **FY 2004 PARTS**

- Air Combat Program – *Moderately Effective*
- Airlift Program – *Moderately Effective*
- Basic Research - *Effective*
- Chemical Demilitarization - *Ineffective*
- Communications Infrastructure – *Results Not Demonstrated*
- Defense Health – *Adequate*
- Energy Conservation Program - *Effective*
- Facilities, Sustainment, Restoration, Modernization and Demolition – *Adequate*
- Housing – *Moderately Effective*
- Missile Defense – *Moderately Effective*
- Recruiting – *Moderately Effective*
- Shipbuilding - *Adequate*

### **FY 2005 PARTS**

- Force Management – an examination of compensation and personnel issues
- Small Business Innovative Research Program (SBIR)
- Comanche Helicopter Program

